

**ACCOUNTING EXAMINING BOARD  
MINUTES  
MADISON WI  
FRIDAY, MARCH 22, 2002  
9:00 A.M.**

**AGENDA**

**PRESENT:** Frank Probst, Sharon Hamilton, Roman (Romie) Jungers II, Jim Johnson, and Thomas Kilkenny

**EXCUSED:** Frederick Franklin

**STAFF:** Katharine Hildebrand, Bill Dusso, Grace Schwingel, PJ Monson

**GUESTS:** LeRoy Schmidt, WICPA

**CALL TO ORDER**

Frank Probst called the meeting to order at 9:05 a.m. A quorum of 5 members was present.

**AGENDA**

A case was added to the agenda for review under Closed Session, an administrative warning for Timothy Sullivan. A correction was made to the agenda under Approval of Minutes; the correct date of the Board meeting minutes (item 3. a. on the agenda) should be 12/14/2001.

**MOTION:** Sharon Hamilton moved, seconded by Thomas Kilkenny, to approve the agenda as amended. Motion carried unanimously.

**MINUTES (12/14/2001), (1/18/2002)**

**MOTION:** Roman Jungers moved, seconded by Sharon Hamilton, to approve the minutes of 12/14/01. Motion carried unanimously.

**MOTION:** Jim Johnson moved, seconded by Thomas Kilkenny, to approve the minutes of 1/18/02. Motion carried unanimously.

**ADMINISTRATIVE REPORT**

**Katharine Hildebrand/Mary Forseth**

Katharine Hildebrand updated the Board on the responsibilities of her new assignment in the Department. Hildebrand will redesign the Regulatory Digest and all Department brochures. She will be coordinating the board member workshop. Hildebrand gave the Board an update on plans being made for the Board Member Workshop to be held June 25, 2002.

The Board expressed concern about Department personnel turnover and felt this is an issue the Department needs to address.

- **Board Roster**

Approved

- **2002 Meeting Dates**

Approved

- **Discussion of Department Re-organization**

Bill Dusso reviewed the reorganization chart in the agenda packet. The purpose of the reorganization is efficiency and better service to the public and to the Boards. The Bureau Director is the Board's link to all the services of the agency. It was suggested that the Board may want to have one Board member serve as a contact person with Lori Huntoon to ensure that the concerns of the board regarding the application and credentialing process of CPA's, are made clear.

- **Accounting Act Modernization To-Do List**

This To-Do list was developed when the new law passed. Some items are still in the process of being completed.

- **Regulatory Digest Draft**

The Board provided Hildebrand with input for the final draft of the Regulatory Digest.

- **Discussion of Application Review Process - Limits of Delegation to Staff**

The Board discussed and approved the 7 steps from Bill Dusso's amended memo of January 10, 2002, (listed below). The Board delegated to staff the authority to issue CPA certificates to applicants who meet the following criteria:

1. *The application file is complete; i.e. all requested materials have been submitted.*
2. *The applicant has successfully completed the examination.*
3. *The file includes a transcript of courses. [No assessment of whether the applicant has completed the required education is made during this review because a determination that the applicant completed educational requirements was made as part of permitting the applicant to take the examination.]*
4. *The experience form is complete and the verification form is consistent with the experience claimed by the applicant, that is, the person verifying the experience identifies the same employment duties and time of employment as is claimed by the applicant.*
5. *The verified experience totals at least one year (2,080 hours)*
6. *The description of the experience is clear and detailed. Often a position description is included. The nature of the verified experience is: (1) as an employee of a licensed accounting firm or as an employee of an individual CPA; and, (2) the position title indicates that the applicant performed accounting work; and (3) the description of the work performed includes any of the following: auditing; financial statement review; examination of prospective financial information; preparation of financial reports, balance sheets, or other financial, accounting and related information; recording and presentation of financial facts or opinions; or preparation of certificates attesting to the reliability of any financial information, financial transactions or accounting records.*

7. *Applications that present any questions about the qualifications of the applicant under these criteria or any statute or rule administered by the Board are referred to the Board for review. Only members of the Board will evaluate equivalency.*

**MOTION:** Sharon Hamilton moved, seconded by Thomas Kilkenny, to delegate to staff the authority to issue CPA certificates to those applicants who clearly meet the education, examination and experience requirements as determined by using the procedure as described in the 7 steps above and in William Dusso's 1/10/02 memo as it was amended and appeared in the agenda for 3/22/02. Motion carried unanimously.

PJ Monson will request a list from NASBA, identifying those states that are substantially equivalent to Wisconsin for education, exams and experience. This list will then also be provided to the board application reviewer along with the 7-step criteria as noted in Dusso's 1/10/02 memo.

## **ACCOUNTING STANDARDS ISSUES**

### **Senate Bill 474**

No action was taken by the legislature on SB 474. The Board expressed concern that this bill was introduced in the legislature without any input from the Board. If a similar bill is introduced in the legislature in the future, it will require significant input from the Board. SB 474 gave a simplistic answer to a complex issue, with the potential for unintended consequences.

### **Discussion of SEC Roundtable**

The SEC scheduled two open round table discussions in two different cities to allow interested parties an opportunity to give their input to the SECC on the Enron situation. If the Department receives a summary report from NASBA on these roundtable discussions, this would be put on the next Board agenda.

Any calls the Department might get regarding the Enron situation should be referred to Frank Probst, Chair. Currently the Board is in the process of gathering facts, staying on top of the situation. The Board's commitment is to continue to protect the public interest. Dusso will prepare a response to this situation and e-mail it to all Board members.

## **ADMINISTRATIVE RULES**

### **Final Adoption of Rule Adopting AICPA Standards (Clearinghouse Rule 01-133)**

Dusso reviewed the process of adopting these rules.

**MOTION:** Sharon Hamilton moved, seconded by Jim Johnson, to change the rule to the June 1, 2001 professional standards books and resubmit it to the standing committees. Motion carried unanimously.

### **Analysis of Proposed Changes in Wisconsin Independence Rule (William Dusso)**

Dusso reviewed some materials dealing with disclosure and Independence issues, looking at how the Board's current rule, Wis. Stat. 442.10, compares with the proposed AICPA Independence Rule and what the impact of the rule will be. Currently, the state rule is more restrictive than the AICPA rule. The intent of the subcommittee was to lessen the restriction and have Wisconsin mirror or adopt the AICPA interpretation. After a lengthy discussion, the Board reaffirmed its intent to bring Wisconsin statutes relating to independence, into conformity with the independence rules promulgated by AICPA.

### **Definition of "Ownership Interest" for Accounting Firms**

**MOTION:** Thomas Kilkenny moved, seconded by Sharon Hamilton, to adopt the draft rule on ownership interest for accounting firms and send the rule to the Clearinghouse. The Board will then hold a hearing on the ownership interest rule at the May 17<sup>th</sup> meeting. Motion carried unanimously.

### **Discussion of Rule Draft Relating to Peer Review Requirements**

Dusso reviewed the peer review requirements. The Board would like to make the rule and the process fit the statute in a different way than is currently being proposed. The Board requested that Dusso and Mike Vaughan work together to attempt to modify the rule so that the focus for the Board is to approve programs rather than to approve individuals.

### **EXAMINATION/APPLICATION ISSUES**

Darwin Tichenor announced that a representative of the Examination Review Board from NASBA, James Gleason, requested permission to visit the Madison and Milwaukee, Wisconsin sites for the May examinations. Tichenor requested that a board member be in attendance at each of the Wisconsin sites for the May examination along with staff from the Exam Office. Sharon Hamilton may be able to attend the Milwaukee exam in the morning, Wednesday May 8, 2002. Jim Johnson agreed to attend the exam in Madison on Thursday, May 9, 2002.

**MOTION:** Sharon Hamilton moved, seconded by Jim Johnson, to grant NASBA permission to come and observe the CPA exams at the Milwaukee and Madison exam sites on May 8 & 9, 2002. The motion was carried unanimously.

### **Request for Waiver of Conditioning Rules (Darwin Tichenor)**

Tichenor summarized the case involving a request for waiver of conditioning due to a misunderstanding of the conditioning rules and extenuating circumstances. The Board was sympathetic to the candidate's situation, but did not feel that circumstances warranted a waiver.

**MOTION:** Sharon Hamilton moved, seconded by Thomas Kilkenny, to deny the request for waiver of conditioning from the candidate referred to in Tichenor's memo of March 14<sup>th</sup> in the agenda packet. Motion carried unanimously.

## **BOARD MEMBER ACTIVITY**

There is a Regional NASBA meeting, the Eastern Region to which Wisconsin belongs, June 6 & 7, 2002. Probst will contact Mr. Costello with NASBA to see if NASBA would be willing to pay the airfare for 3 board members to attend the Regional meeting due to out-of-state travel restrictions.

## **ELECTION OF OFFICERS**

**MOTION:** Jim Johnson moved, seconded by Sharon Hamilton, to keep the same officers for the Board. Frank Probst-Chair, Sharon Hamilton-Vice Chair, Roman Jungers-Secretary. Motion carried unanimously.

## **NEW BUSINESS**

Dusso presented a letter from Kim Tredenick relating to the independence rule to be discussed at the May 2002 Board meeting. The Board would like to receive this in the next agenda packet to review prior to the meeting.

## **CLOSED SESSION**

**MOTION:** Jim Johnson moved, seconded by Roman Jungers, to convene to closed session to deliberate on cases following hearing (s. 19.85(1)(a), Stats.; to consider licensure or discipline (s. 19.85(1)(b), Stats.; to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats. Roll call: Frank Probst-yes, Sharon Hamilton-yes, Roman Jungers-yes, Jim Johnson-yes, and Thomas Kilkenny-yes.

Open Session Recessed at 1:10 a.m.

## **RECONVENE TO OPEN SESSION**

**MOTION:** Sharon Hamilton moved, seconded by Jim Johnson, to reconvene into open session at 1:30 p.m. Motion carried unanimously.

## **MONITORING REPORT**

### **LESLIE WEBSTER (ELLSWORTH)**

**MOTION:** Thomas Kilkenny moved, seconded by Sharon Hamilton, to terminate the suspension of Leslie Webster's license subject to background check and a letter of confirmation from his probation officer indicating that he has continued compliance with the probation requirements. Motion carried unanimously. *(update: the Department received a FAX from U.S. District Court on 4/30/02, indicating that Webster had complied with his probation requirements. The Department is granting him full licensure.)*

**MOTION:** Roman Jungers moved, seconded by Sharon Hamilton, approving the licensure of the candidates reviewed March 22, with the addition of 3 applicants (Carlson, Wagner, Schedler) as discussed at the meeting. Motion carried unanimously.

### **APPLICATIONS REVIEWED ON MARCH 22, 2002**

The Board took the following action on applications. Applicants applied based on examination, transfer of credit from another state and endorsement of license from another state.

#### **FOR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT**

Approved –

Beg, Katija  
Carlson, Eileen  
Christianson, Connie  
Erickson, Loren  
Frank, Jennifer  
Gersch-Neihous, Tricia  
Hallingstad, Julia  
Hofmann, Eric  
Huber, Deborah  
Kim, Chong  
Kolacinski, Leroy  
Krause, Angela  
Krueger, Eric  
Martinson, Dale  
McCambridge, Karan  
McLain, Angela  
Nuzum, Michael

Oestreich, Deborah  
Offenbacher, Robert  
Romenesko, Curt  
Rupp, Brian  
Schauss, Eric  
Schedler, Craig  
Schmidt, William  
Siebold Jeffrey  
Siewert, Mark  
Skaleski, Scott  
Statz, Martin  
Suss, Chadwick  
Trapp, Ann Marie  
Wachter, Jeffrey  
Wagner, Mark  
Wolfmeyer, Sherri  
Wright, Aimee

#### **LICENSED CERTIFIED PUBLIC ACCOUNTANTS 1/18/02-03/22/02**

The following applications for public accounting were issued a credential between 1/18/2002 and 3/22/2002). Applicants applied based on examination, transfer of credit from another state and endorsement of license from another state.

AMIR, LIRAN  
APEL, KARI  
BALDWIN, MARTHA  
BARELT, RENEE  
BARTOS, KERRY J  
BASKIN, LAURENCE  
BOKELMAN, CLARE  
BRADACH, DANIEL  
BRUHA, MARJORIE  
BUBECK, JILL  
BURNS, CHRISTOPHER  
BUTCHER, JENNIFER  
BUTZ, TODD

CALLAHAN, TINA  
CARL, FREDERICK  
CHRISTEL, TESSA  
CROSS, AARON  
CUMMINGS, MARLA  
DOCKEN, JEREMY  
DREGNEY, JAMES  
ERTZ, DAN  
ESSER, DIANE  
FRELICH, AARON  
FRESCHL, DEBRA  
GEORGE, DONALD  
GERACE, JAMES

HANGARTNER, NANCY  
HAVEN, JUDITH  
HEINERT, SCOTT  
HEMLING, MICHELLE  
HERLACHE, NANCY  
HOEFT, SANDRA  
HOWARD, TANYA  
IGL, JESSICA  
JIN, YIQIANG  
KATERS, JILL  
KIMMES, DAVID  
KLEIN, MICHELLE  
KLUN, DANIEL  
KRAUSE, BRADLEY  
LAABS, BRYAN  
LACY, NATALIE  
LAMBERT, JODIE  
LAMERS, BRIAN  
LARSON, JOHN  
LATHROP, JOHN  
LEIS, JERONE  
LUTZE, BENJAMIN  
LYNCH, PAMELA  
MARKERT, JEFFREY  
MCCLONE, MICHAELA  
MEJIA, ANGELA  
MERWIN, JAMES  
MEYER, MARTHA  
MICHALEK, DAWN  
MOL, DAVID  
MORAN, RYAN  
MORROW, TORI  
MUEHLBAUER, NIKOLA  
MUELLER, CATHLEEN  
NASH, NICOLE  
NAVARRO, STEPHANIE  
OERTER, JUSTIN  
OLSEN JEFFREY  
OLSEN, AMY

PEARCE, AARON  
PHAM, DIEP  
PRONSCHINSKE, MARCI  
RADY, MARY  
RHODE, MARK  
ROTHWELL, CINDY  
ROZESKI, ABIGAIL  
SAKSEFSKI, JEANNINE  
SCHAEFER, BRIAN  
SCHEIBE, SARA  
SCHMIDT, ALLEN  
SCHWARZ, JACKIE  
SEIDL, SARA  
SHEAFOR, SARAH  
SIKORSKI, MICHAEL  
SOBCZAK, MARGARET  
SPRANG, AARON  
SSEMPIJJA, YVONNE  
STALBERGER, MICKEY  
THOMPSON, NORVAN  
TIEDGE, KYLE  
TORTORICE, MICHAEL  
TROLINGER, BRADFORD  
TURNER, SARA  
UECKER, JOHN  
VINCENTE, JESSICA  
WAGNER, BRENT  
WAGNER, MICHAEL  
WALKER, SEAN  
WALLIN, AARON  
WALRATH, MICHELLE  
WEBER, THEODORE  
WHITE, CALEB  
WHYTE, SARAH  
WOY, JAMES  
ZARINS, KRISTI

## **CASE CLOSINGS AND CASE STATUS REPORT**

### **ADMINISTRATIVE WARNING**

TIMOTHY SULLIVAN

**MOTION:** Jim Johnson moved, seconded by Thomas Kilkenny, to issue Timothy Sullivan an administrative warning. Motion carried unanimously.

### **ADJOURNMENT**

**MOTION:** Jim Johnson moved, seconded by Sharon Hamilton, to adjourn the meeting at 1:35 p.m.